

COLUMBIA BASIN TRUST

**BOARD OF DIRECTORS MEETING NO. 114
MAY 29/30, 2009**

MINUTES

Meeting No. 114 was held at St. Eugene's in Cranbrook, BC.

Directors in attendance:

G. Merkel, Chair	B. Trehwella
G. Deck, Vice Chair	J. Miller
R. Miles (Friday only)	D. Birdstone
P. Peterson	K. Deane
J. Townsend	
L. Parker	

Directors not in attendance:

M. Berg
E. Cutts

Staff attending:

N. Muth
J. Strilaeff
C. Lloyd – Friday
M. Forster – Recording Secretary

The meeting was called to order at 1:05 pm.

ELECTION OF CHAIR AND VICE CHAIR

N. Muth, President and Chief Executive Officer, assumed the Chair for the purpose of electing a Chair and Vice Chair.

35/09 Moved, seconded and resolved that:

Garry Merkel be appointed Chair of Columbia Basin Trust.

There being no further nominations, Garry Merkel was declared, by acclamation, Chair of Columbia Basin Trust.

G. Merkel assumed the Chair and the meeting continued.

36/09 Moved, seconded and resolved that:

Greg Deck be appointed Vice Chair of Columbia Basin Trust.

There being no further nominations, Greg Deck was declared, by acclamation, Vice Chair of Columbia Basin Trust.

The Chair suspended the Order of Business. For continuity, these Minutes reflect the order of the Agenda.

COMMITTEES OF THE BOARD

37/09 Moved, seconded and resolved that:

The 2009/2010 Committees of the Board membership shall be:

Executive Committee: Garry Merkel, Greg Deck, Jim Miller, Denise Birdstone and Paul Peterson;

Audit Committee: Mike Berg, Ron Miles, and Jeannette Townsend;

Investment Committee: Jim Miller, Greg Deck, Denise Birdstone and Ron Miles;

Delivery of Benefits Committee: Denise Birdstone, Evelyn Cutts, Kim Deane, Bill Trehwella and Loni Parker;

Water Initiatives Committee: Evelyn Cutts, Jeannette Townsend, Paul Peterson, Mike Berg and Bill Trehwella;

Task Force on Communications: Garry Merkel, Greg Deck, Jim Miller, Evelyn Cutts, Kim Deane and Loni Parker.

ADOPTION OF AGENDA

38/09 Moved, seconded and resolved that:

The Agenda No. 114 be and hereby is adopted as amended.

39/09 Moved, seconded and resolved that:

The Attachments to Agenda No. 114 be and hereby are received.

Attachments:

- Election of Chair and Vice Chair
- Committees of the Board
- Minutes: Board Meeting Nos. 113 and 113A
- Action Item List No. 113A
- Report from the Chair
- Report from the CEO
- Minutes: Executive Committee Meeting No. 71
- CBT Financial Statements – March 31, 2009
- Five Year Treasury Board Forecasts
- Annual Report
- Audit, Investment and Executive Board Standing Committee Terms of Reference
- Public Presentation Guidelines

- Minutes: Investment Committee Meeting No. 32
- Quarterly Investment Portfolio Review – March 31, 2009
- Waneta Expansion Fact Sheet
- General Loan Loss Provision Policy
- Delivery of Benefits Committee Update
- State of the Basin Community Planning Pilots
- Food Security in the Basin
- Youth Liaison Position
- College Community Service Award Criteria
- Trails Criteria
- Environmental Initiatives Program
- CBT's Evolving Role in Community Development in the Basin
- Economic Strategic Plan
- Debt Retirement
- Appointments to the Economic Advisory Committee and Extension of Terms
- Water Initiatives Committee Update
- Columbia Basin Water Smart Initiative – Matching Community Funding
- Columbia River Treaty
- Columbia Basin – Columbia River Treaty Impact Analysis
- NWPC Background

ADOPTION OF MINUTES

40/09 Moved, seconded and resolved that:

The minutes of Meeting No. 113 held March 13, 2009 and minutes of Meeting No. 113A held April 21, 2009 be and hereby are adopted.

Action Item List No. 113A

Action Item List No. 113A was provided for informational purposes only.

There were no resolutions arising.

REPORTS FROM OFFICERS AND STANDING COMMITTEES

Report from the Chair

The Chair reviewed his written report with the Board.

There were no resolutions arising.

Report from the President and CEO

The President and CEO reviewed his written report with the Board. He provided a verbal update on the Executive Committee meeting held earlier that day on Friday, May 29, 2009. He advised the Board that the Executive Committee met with Roy Stuart of Hewitt Associates to review pension options.

He also informed the Board that interest has been expressed in a joint CPC-CBT Board meeting in advance of and as part of the final go/no go decision on Waneta. The Board was also advised that CBT has not yet approved the share of CPC's 2009/10 corporate budget that is to be charged to the joint venture

companies. There is a difference of about \$1.5 million between CPC and CBT. The Board expressed support for splitting the difference on the \$1.5 million, and asked the CEO to approach CPC with this proposal.

There were no resolutions arising.

Action:

- CBT staff will work together with CPC staff to set up a joint CBT-CPC Board meeting in the near future.
- The CEO will report back regarding the budget discussions with CPC.

Report from the Executive Committee

Minutes of Meetings

There were no resolutions arising from the minutes of Executive Committee Meeting No. 71 held on March 11, 2009.

Report from the Audit Committee

FY2008/09 Consolidated Financial Statements

C. Lloyd presented the FY2008/09 Consolidated Financial Statements which were earlier approved by the Audit Committee and reviewed the changes that occurred since the previous fiscal year.

41/09 Moved, seconded and resolved that:

As recommended by the Audit Committee, the FY2008/09 Consolidated Financial Statements for the year ending March 31, 2009 be and hereby are adopted substantially in the form presented.

Five Year Treasury Board Forecasts

C. Lloyd reviewed the memorandum which was provided for informational purposes only.

There were no resolutions arising.

The meeting recessed at 5:00 pm and reconvened Saturday, May 30, 2009 at 8:30 am.

CORPORATE MATTERS

2008/09 Annual Report

N. Muth reviewed the memorandum which sought the Board's approval of the draft CBT 2008/09 Annual Report.

42/09 Moved, seconded and resolved that:

The Board hereby approves the CBT 2008/09 Annual Report substantially as presented, and the Chair of the Board is authorized to approve any subsequent material changes to the Report.

Audit, Investment and Executive Board Standing Committee Terms of Reference

N. Muth reviewed the memorandum which sought the Board's approval for the amendment of the Terms of Reference for each of the Audit, Executive and Investment Committees. Upon review of the Terms of Reference for the Audit Committee, it became apparent that a specific condition applied to Audit Committee members was problematic and not entirely necessary for CBT's purposes. The following amendments were proposed:

- a) **Audit Committee:** removal of the restriction that prohibits Audit Committee members from being members of the Executive Committee or Investment Committee;
- b) **Audit Committee:** addition of a stipulation that the Audit Committee Chair cannot be a member of the Executive Committee or Investment Committee (thus preserving a degree of separation within the Audit Committee);
- c) **Executive Committee:** addition of a stipulation that the Audit Committee Chair cannot be a member of the Executive Committee;
- d) **Investment Committee:** addition of a stipulation that the Audit Committee Chair cannot be a member of the Investment Committee.

43/09 Moved, seconded and resolved that:

The Board hereby approves that the amendments to the Terms of Reference for the Audit, Executive and Investment Committees be approved as presented.

Public Presentation Guidelines

N. Muth reviewed the memorandum which was provided for informational purposes only. The memorandum outlined proposed guidelines for setting up the public presentation segment of future CBT Board meetings. There was general agreement with the proposed guidelines.

There were no resolutions arising.

INVESTMENT PROGRAM

Report from the Investment Committee

Minutes of Meetings

There were no resolutions arising from the minutes of Investment Committee Meeting No. 32 held on March 11, 2009.

Quarterly Investment Portfolio Review – March 31, 2009

J. Strilaeff provided the Board with the Quarterly Investment Portfolio Review for the year ending March 31, 2009. He highlighted the recent approval by the Investment Committee of a 33 unit expansion of Castle Wood Village in Castlegar. The Board was also provided with the final report on the Brilliant Expansion Tailrace Cleanup Project This report was a result of an action item from Board meeting No. 105 held on January 18/19, 2008.

There were no resolutions arising.

Waneta Expansion Fact Sheet

A memorandum was provided for informational purposes only. This memorandum was a result of an action item from Board meeting No. 113A held on April 21, 2009. The intent of the report was to provide the Board with a brief on what can be communicated on the WAX project.

There were no resolutions arising.

General Loan Loss Provision Policy

J. Strilaeff reviewed the memorandum which sought the Board's approval of a General Loan Loss Provision Policy. He informed the Board that it is standard practice in commercial lending to regularly evaluate the credit quality of a lenders portfolio to determine some level of aggregate loan loss provision. CBT's current General Loan Loss Provision of 0.51% is low when compared to other commercial lenders. It is recommended that CBT endorse a new policy establishing a General Loan Loss Provision of 0.70% of end-of-year Commercial Loan balances.

44/09 Moved, seconded and resolved that:

As recommended by the Investment Committee, the Board hereby approves a General Loan Loss Provision Policy of 0.70% of outstanding Commercial Loan balances, measured at fiscal year end, to be reviewed every two years to ensure ongoing market comparability.

DELIVERY OF BENEFITS

Report from the Delivery of Benefits Committee

The Committee Chair provided a verbal update on current DOB Committee activities.

There were no resolutions arising.

CBT's Evolving Role in Community Development in the Basin

N. Muth reviewed a memorandum with the Board that proposed an approach to evolving CBT's role in community development in the Basin. The Directors were also provided with an update on the work management has completed thus far in defining a set of design principles that would govern an approach forward, as well as proposing more tangible implementation actions. A three tiered approach was developed which included a sub-regional tier where the key decision-making bodies would be made up of sub-regional bodies which still need to be identified. CBT's involvement would include providing funding to support projects, ensuring resources are available to advise project development, ensuring that there is consistent direction and adherence with principles and criteria and bringing forward projects that could be leveraged with further CBT funds.

There was general support for the direction proposed by management.

There were no resolutions arising.

Economic Strategic Plan

The Committee Chair reviewed the memorandum which sought the Board's approval of a draft Economic Strategic Plan for the purposes of seeking public feedback.

45/09 Moved, seconded and resolved that:

As recommended by the DOB Committee, the Board hereby approves the 2009-2012 Economic Strategic Plan for the purposes of seeking public feedback.

Debt Retirement

N. Muth reviewed the memorandum which sought direction from the Board regarding the issue of debt retirement, and requested a decision to modify the Community Development Program ineligible list to allow debt retirement as an activity allowed in the Program. Staff felt that there may be circumstances where debt retirement would be an appropriate and logical response to a situation. The Board did not support staff's recommendation and the motion was defeated.

Moved, seconded and defeated that:

The Board supports the recommendation from staff to allow "debt retirement" as a strategy available to staff on a case by case basis and remove "debt retirement" from the ineligible list of the Community Development Program.

Appointments of Economic Advisory Committee Members and Extension of Terms

The Committee Chair reviewed the memorandum which sought the Board's approval for the appointment of Dan Jones, Don McDowell, Ulli Mueller and Rob Miller to the Economic Advisory Committee for a three year term expiring May 30, 2012, and the extension of terms of Ken Wyllie, Jean Sulzer and Bob Ivison until May 30, 2010.

46/09 Moved, seconded and resolved that:

As recommended by the DOB Committee, the Board hereby approves the appointment of Dan Jones, Don McDowell, Ulli Mueller and Rob Miller to the Economic Advisory Committee for a three year term, expiring May 30, 2012 and the terms of Ken Wyllie, Jean Sulzer and Bob Ivison as Economic Advisory Committee members be extended until May 30, 2010.

WATER INITIATIVES

Report from the Water Initiatives Committee

K. Gosal provided a brief verbal update on current Water Initiatives Committee activities.

There were no resolutions arising.

Columbia River Treaty: CBT Role and Relationship and CRT Frequently Asked Questions

K. Gosal reviewed the draft discussion papers which were provided for informational purposes only. The purpose of the discussion papers was to provide guidance to the Board and staff in helping to answer general questions regarding the CRT and helping to define CBT's guiding principles with respect to CBT's role in the CRT. He also provided the Board with an update on CBT's current participation in the provincial government's Steering Committee that is exploring the issues and the future of the CRT.

There were no resolutions arising.

Columbia Basin – Columbia River Treaty Impact Analysis

N. Muth and K. Gosal reviewed the memorandum which sought the Board's approval for funding to undertake an analysis of the social, cultural, economic and environmental impacts to the Columbia Basin region from the construction of the Columbia River Treaty dams. The process would involve retaining the services of a group of consultants with a variety of expertise including but not limited to: economic, infrastructure, forestry, environmental and First Nations culture.

47/09 Moved, seconded and resolved that:

As recommended by staff, the Board hereby approves the transfer of \$150,000 from the Delivery of Benefits unallocated to Water Initiatives for the Columbia Basin – Columbia River Treaty Impacts Analysis for completion of Phase 1 of the analysis;

48/09 And further resolved that:

The Board hereby delegates oversight of this project to the Water Initiatives Committee.

Northwest Power and Conservation Council – CBT Background

The memorandum was provided for informational purposes only.

There were no resolutions arising.

CORRESPONDENCE

Read File

There were no resolutions arising.

NEW BUSINESS

Verbal Reports from Directors

There were no resolutions arising.

IN CAMERA

Board Round Table

There were no resolutions arising.

CONCLUSION

49/09 Moved, seconded and resolved that:
The meeting be concluded at 11:30 am.

Certified Correct:

G. Merkel, Chair

M. Forster, Recording Secretary

Next Board Meeting: July 24/25, 2009 in Valemount, BC.

Public Presentations:

Presentations were held at 4:00 pm on May 29, 2009
Kathryn Teneese – Tribal Chair, Ktunaxa Nation Council
Mayor Scott Manjek - City of Cranbrook
Norm Walter – Chair, Regional District of East Kootenay